



September 2014

ROAD REPORT

Your Roads. Your Decision.

Coconino County Supervisors Refer Road Maintenance Sales Tax to November Ballot

After two years of in-depth research, along with input from a Citizens Transportation Advisory Committee (CTAC), the Coconino County Board of Supervisors unanimously referred the question of a sales tax for road maintenance services to the ballot this November. If approved, sales tax revenue will only be used to repair, improve and service County-maintained roads.

The Board concluded that, even after reducing permanent costs by \$2 million per year, Coconino County doesn't have the funds needed to maintain its roads as it does now. If funding is unchanged, then routine road maintenance services will be reduced by 40 percent, including snow plowing, grading dirt roads, filling potholes and clearing ditches. The County would also significantly reduce its annual investment in paved road maintenance and safety projects and in replacing equipment.

The Board's sales tax recommendation represents a smaller tax increase than recommended by the CTAC. While the revenue from this tax increase won't solve all of the County's road budget problems for 20 years, the Board of Supervisors believes that, given the current economic conditions, the citizens of Coconino County couldn't afford any greater sales tax increase at this time.

"This matter cannot be left to the next generation to solve. Many children travel school bus routes that become impassable during the year, and daily bus rides take several hours over dirt roads. In the Flagstaff Unified School District alone, buses travel 8,000 to 10,000 miles per day – many of those miles on County roads."

• Mandy Metzger, County Supervisor, District 4



Why doesn't Coconino County have the funds to maintain its roads?

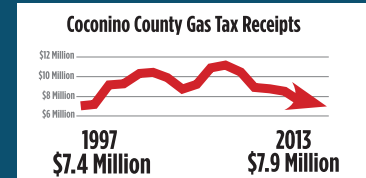
Gas tax revenues from the state represent 80 percent of the County's road maintenance budget. Property taxes do not fund road maintenance.

State and Federal officials have not raised the gas tax level since the early 1990s, while costs for maintenance has increased.

The gas tax is flat, not indexed to inflation, and doesn't reflect the cost of gas.

Overall, the gallons of gas sold is declining due to increased fuel efficiency.

As a result, County gas tax revenues are at near 1998 levels.



Revenues at Near 1998 Levels



Are there other things that have affected County road funding?

State officials have "swept" or used County gas tax revenues to fund other State programs.

\$1.5 million per year in rural road maintenance funds have not been re-authorized by the U.S. Congress.

Road maintenance costs have increased and so have the number of miles of County roads. For example, adjusted for inflation and fuel efficiency, \$1 in gas taxes in 1991 (the last time there was an increase to the state gas tax) is only worth 30 cents in 2014.

Over \$2 Million in Permanent Cost Reductions

What has the County done to cut costs?

The County has reduced the road maintenance budget by eliminating \$2 million in permanent, annual costs. These ongoing cost savings include:

- Eliminating positions
- Extending equipment life cycles by not replacing as often
- Balancing equipment use
- Reducing fleet size
- Implementing a more efficient snow removal plan

Without additional revenue, service cuts will include:

- Snow plowing only from 7 a.m. – 4 p.m. and only for major roads during storms
- 40 percent drop in frequency of grading dirt roads
- No \$ for paved road repair
- No \$ for equipment replacement



Coconino County Road Maintenance Sales Tax Proposition 403: Your Roads. Your Decision.

“To me, a road is not JUST a road. We depend on quality roads for everything. On a weekday morning, I’m headed to work along with my neighbors, relying on a road to get me there. We travel on the weekend, taking advantage of the County’s natural beauty and recreation opportunities. And during the winter months, plowed and passable roads are vital to our safety and getting to work on time.”

• Liz Archuleta, County Supervisor, District 2

Coconino County has...

696,000
Fisher Days
per year

23,000
Hunter Days
per year



Some Frequently Asked Questions

If the sales tax is not approved by voters, what additional cuts will be made to the County’s road maintenance services?

Routine road maintenance services, such as snow plowing, grading

dirt roads, filling potholes and chip sealing paved roads will be reduced by up to 40 percent to stay within current revenue levels.

- Snowplows would operate from 7 a.m. to 4 p.m. and service primarily major roads during storms.

- Equipment would not be replaced until it fails, if funds are available.

- No investment would be made in road repair and safety projects unless funded by grants.

If the road maintenance sales tax is approved by voters, how will the County spend the money?

- To maintain all County-maintained roads, including those owned by the County, the U.S. Forest Service and the Bureau of Indian Affairs.

- To fund routine road maintenance services, such as snow plowing, grading dirt roads, and fixing potholes.

- To maintain adequate reserves for

emergencies, such as natural disasters and road failures.

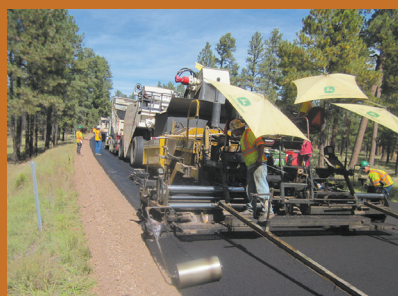
- To fund road maintenance and safety projects, which will be done by private contractors.

- To buy road maintenance equipment.

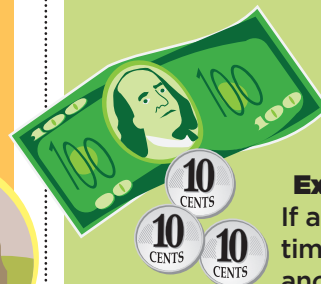
In Coconino County, an average year’s snow removal costs **\$1.5 million**



NAU’s Rural Policy Institute estimates the economic impact of the County’s road maintenance sales tax revenues is \$182 million over 20 years and creates, on average, 133 jobs per year.



Coconino County Road Maintenance Sales Tax Facts



Rate – The proposed road maintenance sales tax is 3/10 of 1 percent, equal to 30 cents on a \$100 purchase.

Existing County Tax Expires – If approved, at the same time the new tax begins another County tax expires.

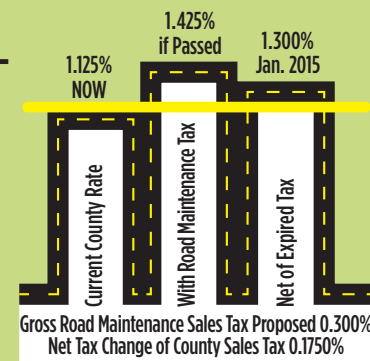
So the net tax increase will be 17.5 cents on a \$100 purchase, or \$53 on a \$30,000 purchase.

Length – The sales tax would be in effect for 20 years, from January 1, 2015 to December 31, 2034.

Revenue Generation – The County estimates the revenues from the road maintenance sales tax to be approximately \$6 to \$7 million per year. The actual level of revenue will vary with the economy.

Restrictions – The specific language of the election ballot restricts the use of the monies from the road maintenance sales tax to road maintenance related costs. The statutory authority used by the County to place a road maintenance sales tax on the ballot also restricts the funds to only road related services. The funds will be locally controlled and cannot be swept by the State.

Combined Flagstaff Streets Tax and County Roads Tax – The City of Flagstaff is proposing a new 1/3 of 1 percent sales tax to repair City streets, which is about 33 cents on a \$100 purchase. If voters approve both the County and City proposed sales taxes, then the total tax rate in the City of Flagstaff will still be less than 9 percent (8.951 percent), in line with most other cities’ tax rates.



If we fund road maintenance out of the General Fund, services will be cut by 20 percent.

“It costs money to maintain roads. Especially in Coconino County, with the second-largest land area of any county in the U.S. at 18,000 square miles. The method for funding roads, the gasoline tax, has not kept pace with rising costs of raw materials, services or the County’s growth rate.”

• Matt Ryan
County Supervisor, District 3

Sheriff
Patrol

County
Attorney

Adult
Probation

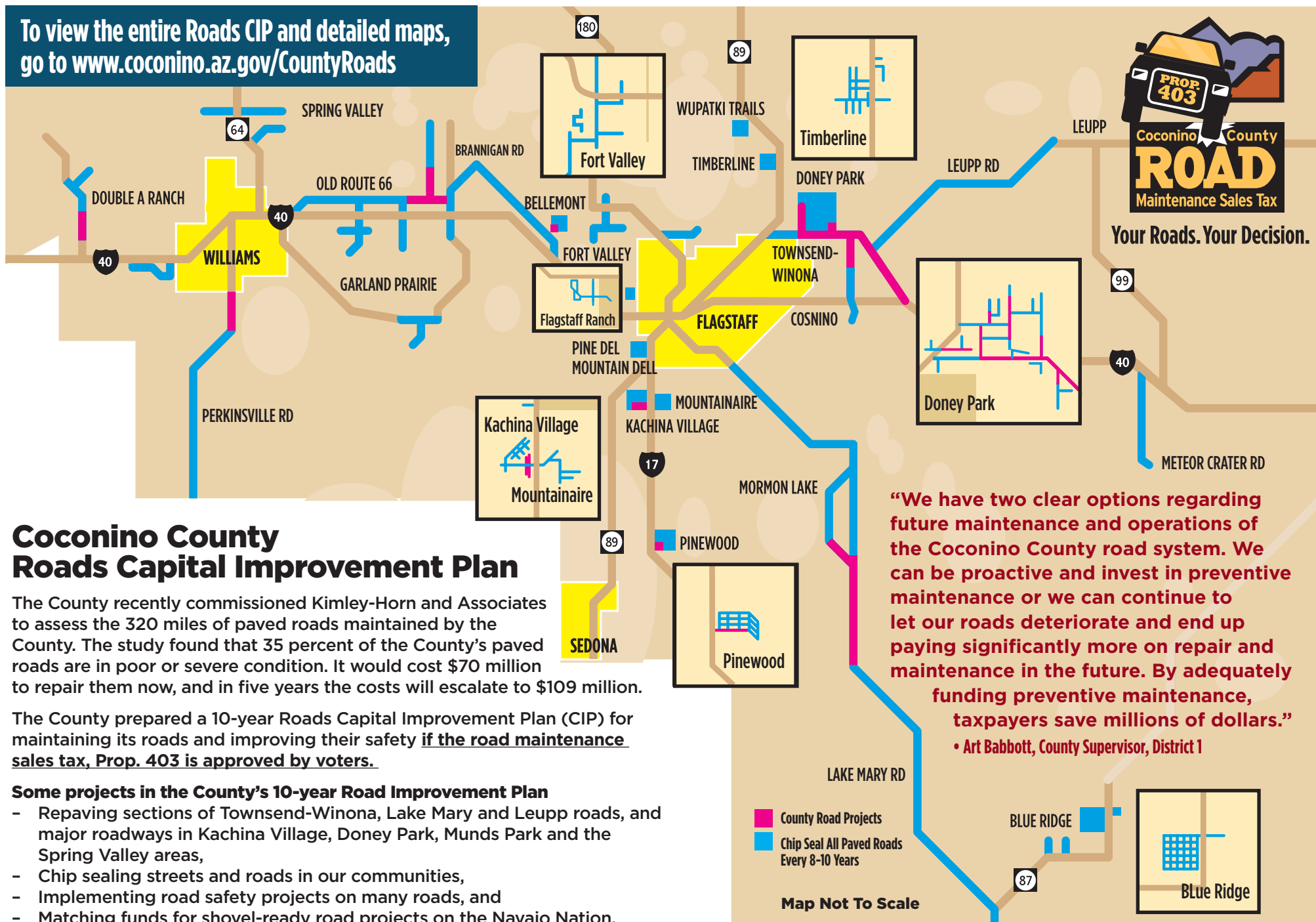
Courts

Parks & Rec

Assessor

Some General Fund Services

To view the entire Roads CIP and detailed maps, go to www.coconino.az.gov/CountyRoads



Coconino County Roads Capital Improvement Plan

The County recently commissioned Kimley-Horn and Associates to assess the 320 miles of paved roads maintained by the County. The study found that 35 percent of the County's paved roads are in poor or severe condition. It would cost \$70 million to repair them now, and in five years the costs will escalate to \$109 million.

The County prepared a 10-year Roads Capital Improvement Plan (CIP) for maintaining its roads and improving their safety if the road maintenance sales tax, Prop. 403 is approved by voters.

Some projects in the County's 10-year Road Improvement Plan

- Repaving sections of Townsend-Winona, Lake Mary and Leupp roads, and major roadways in Kachina Village, Doney Park, Munds Park and the Spring Valley areas,
- Chip sealing streets and roads in our communities,
- Implementing road safety projects on many roads, and
- Matching funds for shovel-ready road projects on the Navajo Nation.

On average, approximately \$4 million per year will be dedicated to road projects during the first 10 years, or approximately \$42 million in total. All projects will be constructed by private contractors. The Roads CIP primarily focuses on County-maintained paved roads with a high level of use, most of which are our major roads like Lake Mary Road, Townsend-Winona Road and Leupp Road. However, funding from the road maintenance sales tax also supports dirt road maintenance, including placing special material on those roads to create a smoother and longer-lasting surface with less dust.

35% of paved roads are in severe or poor condition. Paved road repair costs:

Pay NOW
\$70 Million

VS

Pay More Later
\$109 Million

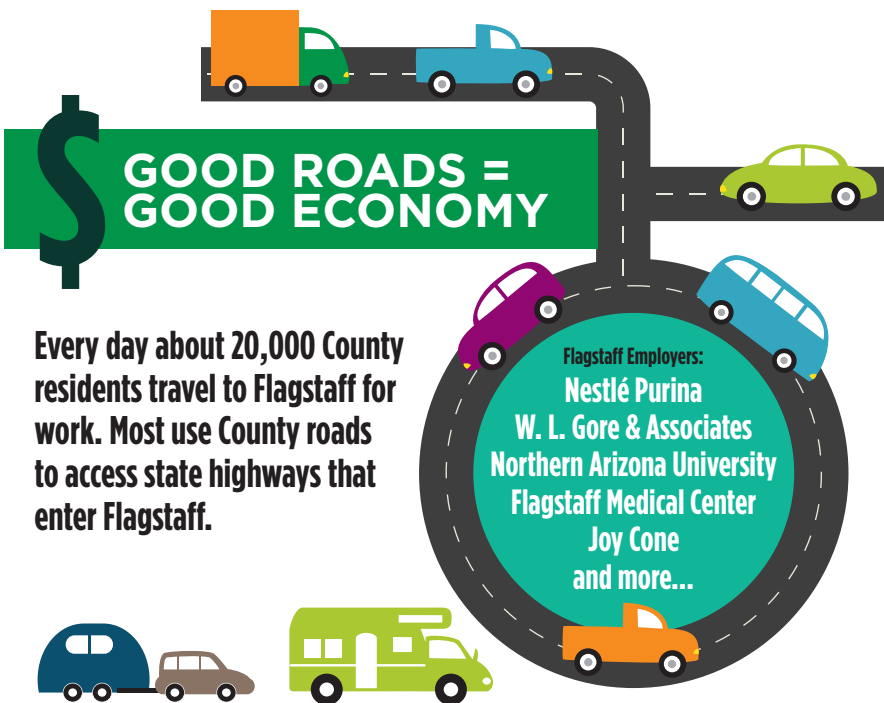
"We have two clear options regarding future maintenance and operations of the Coconino County road system. We can be proactive and invest in preventive maintenance or we can continue to let our roads deteriorate and end up paying significantly more on repair and maintenance in the future. By adequately funding preventive maintenance, taxpayers save millions of dollars."

• Art Babbott, County Supervisor, District 1

The implementation of the County's Roads Capital Improvement Plan is contingent upon voter approval of the Road Maintenance Sales Tax Initiative, Prop. 403, on the November ballot. The project costs and construction schedules outlined on this page are estimates. The County's actual annual investment in the Roads CIP will be affected by:

- ➔ Economic downturns, which impact the total revenue generated from the sales tax and the gasoline tax,
- ➔ Annual maintenance costs, such as snow severity, and cost of oil, gasoline & diesel
- ➔ Road/bridge failures
- ➔ Response to disasters

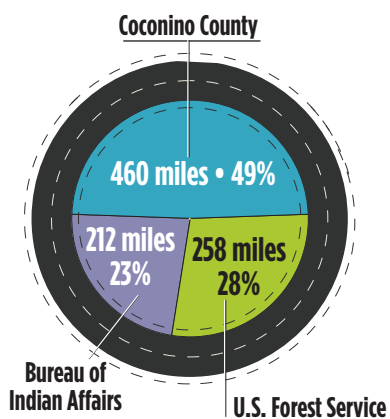
Projects selected are based on a variety of criteria, such as level of traffic, current road conditions, public safety, and cost.



456,000 visitors annually recreate on National Forests in Coconino County

“Nestle Purina associates live throughout the County and rely on County roads for safe and timely commutes. The goods that go into our pet foods also arrive on County roads, and we turn around and ship products to customers. On poor roads, products shift in the trailers, causing more work on our end and for our customers.” –Amy Kerr, Plant Manager • Nestle Purina

Who Owns County-Maintained Roads?



Your Roads. Your Decision.

WEB: www.coconino.az.gov/CountyRoads
EMAIL: countyroadsinfo@coconino.az.gov

f TEL: 928.679.8300

COCONINO
COUNTY ARIZONA



“Under a longstanding agreement with the BIA, the County provides daily road maintenance on many key school bus routes on the Navajo Nation. These roads get our kids to school safely. Services like this, and the proposed matching grant program with Navajo DOT, support shovel-ready projects to improve our roads. These roads are vital to our transportation needs.” • Lena Fowler, County Supervisor, District 5

Coconino County Maintenance of Roads on the Navajo Nation

Coconino County has played an important role in providing road maintenance services on the Navajo Nation for many years. Historically, the County received a federal grant to maintain school bus routes. The County elected to dedicate this grant funding, in addition to other County gas tax funds, to maintaining some of the well-traveled school bus routes on the Navajo Nation.

Recently, the federal government did not reauthorize funding for this program. The loss of this funding, along with the reduction in gas tax funding (explained on page 1), means that the County will have to severely reduce or eliminate road maintenance on the Navajo Nation without additional revenues. If voters approve the Road Maintenance Sales Tax initiative, Prop. 403 on the November ballot, then the County will be able to continue road maintenance.

If Prop. 403 is approved, then the funding partners – Coconino County, the BIA, and Navajo Nation Division of Transportation (NDOT) – have identified about \$1 million for a jointly funded plan for road maintenance on the Navajo Nation.

The plan includes:

- ➔ Providing daily road maintenance services to 286 miles of some key school bus routes.
- ➔ Establishing a Capital Projects Matching Fund totaling \$200,000 per year. These funds would match NDOT funds to construct shovel-ready projects mutually identified by the partners, which are intended to improve the road conditions, reduce road maintenance costs and increase safety.

As with other road improvement projects planned in the County, the actual annual funding for the Navajo Nation projects will be tied to a number of factors: primarily the economy, which influences sales tax and gas tax revenue, and maintenance costs, which can be influenced by storm damage, snow levels and inflation.

School bus routes historically maintained include:

- N16 • N21 • N6210
- N6260 • N6270
- N70 • N6331 • N6720
- N6730 • N6732